

September 30, 2020

COVID-19 DIRECT SEPTEMBER INTERIM FISCAL UPDATE
Coronavirus Relief Funds – First Quarter Report (March 1 - June 30)

Background—In March, the Coronavirus Aid, Relief, and Economic Security (CARES) Act allocated federal Coronavirus Relief Funds (CRF) to state and local governments for expenditures incurred between March 1 and December 30, 2020 in response to COVID-19. Based on population, California received a total of \$15.3 billion from the CARES Act—with \$9.5 billion allocated directly to the state and \$5.8 billion allocated to 15 large counties (including San Francisco) and 5 cities with populations over 500,000.

The 2020 Budget Act was enacted June 29th and outlined the state's CRF allocations, including \$4.4 billion for K-14 Learning Loss Mitigation and Distance Learning Supports; nearly \$1.3 billion to counties; \$500 million to cities; \$550 million for housing for homeless individuals and families; and nearly \$2.7 billion to offset state emergency response costs and provide support to various vulnerable populations.

Federal guidance associated with the CARES Act requires states to submit quarterly expenditure reports in 17 categories associated with COVID-19 response and mitigation. The first reporting cycle covers expenditures and obligations incurred from March 1 through June 30. Reports will be provided to the federal Pandemic Response Accountability Committee beginning on September 30th.

Consistent with this requirement—and to provide transparency in reporting how these funds are being spent—the Department of Finance has developed a portal for state and local governments to report detailed expenditures and obligations. Those required to report include all 58 counties, 476 cities, 1,992 local education agencies, 72 community college districts, and various state agencies that report on sub-recipients of CRF funds. Combined, the data reflect information for more than 2,900 separate recipients of CRF.

Summary—As of June 30, 2020, recipients have reported a total of nearly \$2.5 billion in eligible expenditures and obligations. These figures are expected to increase significantly in the next quarterly report as recipients have more time to identify eligible expenditures and awards will be made for various programs. Such programs include Homekey, which provides grants to local entities to support housing for individuals and families experiencing homelessness or at risk of homelessness due to COVID-19.

During this reporting period:

- Counties reported approximately 38 percent of their total funding, or \$487 million, was spent or obligated. Six counties reported funds as fully spent or obligated.
- Cities reported that more than 59 percent of their total funding, or more than \$295 million, was spent or obligated. Seven cities did not submit reports and 237 reported funds as fully spent or obligated.

- All but one local education agency that applied for learning loss mitigation funds submitted expenditure reports. With schools just beginning to return to the classroom, about half reported spending or allocating 21 percent of their total funding, or \$923 million out of the \$4.4 billion allocated to schools. Over 200 local education agencies reported funds as fully spent or obligated.
- Sixty-eight community college districts reported 36 percent of their total funding, or \$19.5 million, was spent or obligated. Four districts did not report and 11 reported funds as fully spent or obligated.

Of all expenditures and obligations reported, the five largest expenditure categories, representing about two-thirds of total reported to date, are:

1. Facilitating Distance Learning (\$468 million)
2. Payroll for Public Health and Public Safety (\$365 million)
3. Personal Protective Equipment (\$326 million)
4. Public Health Expenses (\$261 million)
5. Budgeted Personnel – Substantially Different Use (\$259 million)

Detail—To find more detailed spending information by the receiving entity—such as a county, city, or local education agency—go to:

http://www.dof.ca.gov/Budget/COVID-19/CRF_Report/

This data set includes allocation amounts for more than 2,900 recipients as well as expenditures and obligations reported from March 1, 2020 through June 30, 2020, in 17 categories defined by the federal government. The allocations are organized using state project IDs in key areas. Definitions of these projects are included along with a brief description of the program purpose and which state department oversees the use of the funds. A summary of total expenditures and obligations by category is included below. The data reflects aggregate expenditures for recipients of these funds. For specific details of items of expenditure within these 17 broad categories, the listed sub-recipient should be contacted directly.

Federal Reimbursement for State COVID-19 Costs—Since the onset of the COVID-19 pandemic, state agencies have incurred substantial costs for actions taken to reduce the spread of the virus. Under the CARES Act and subsequent federal guidance, some of the costs already paid by the state are eligible for reimbursement using federal CRF monies.

Through June 30, costs totaling more than \$750 million will be reimbursed with CRF monies. Of this amount, approximately \$330 million will be used to pay the state's cost share for FEMA Public Assistance Program funding for purchases related to critical personal protective equipment, medical surge capacity, and emergency operations. The balance will be used to support various COVID-19-related activities including support for health care workers, residential care facilities, senior programs, food banks, and people experiencing homelessness.

Finance will update expenditures and obligations through September 30, 2020 by no later than October 21, 2020.

Federal Expenditure Category	Total Expenditures and Obligations	Percent of Total
Administrative Expenses	\$59,108,306	2.38%
Budgeted Personnel - Substantially Different Use	\$259,316,515	10.44%
COVID-19 Testing and Contact Tracing	\$58,190,555	2.34%
Economic Support ^{1/}	\$38,069,659	1.53%
Expenses Associated with the Issuance of Tax Anticipation Notes	\$55,861	0.00%
Facilitating Distance Learning	\$468,096,990	18.84%
Food Programs	\$114,324,756	4.60%
Housing Support	\$152,711,469	6.15%
Improve Telework Capabilities of Public Employees	\$61,478,576	2.47%
Medical Expenses	\$86,134,504	3.47%
Nursing Home Assistance	\$41,007,412	1.65%
Payroll for Public Health and Safety Employees	\$364,991,558	14.69%
Personal Protective Equipment	\$327,022,489	13.16%
Public Health Expenses	\$261,358,995	10.52%
Small Business Assistance	\$27,833,044	1.12%
Unemployment Benefits	\$4,649,954	0.19%
Workers' Compensation	\$385,991	0.02%
Other	\$159,336,024	6.41%
Total	\$2,484,072,657	100.00%
^{1/} Other than Small Business, Housing, and Food Assistance		